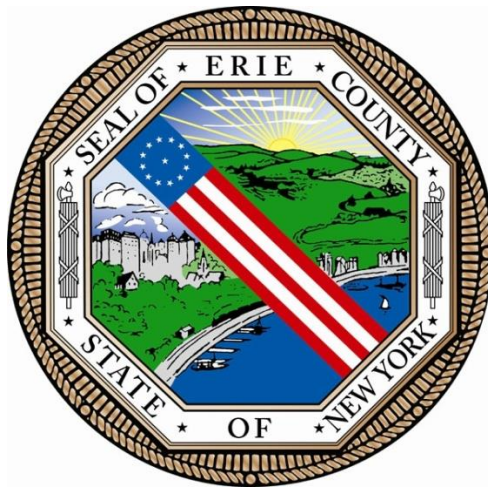


August 2016

**Performance Audit of
The Erie County Veterans Service Agency
For the Year Ended December 31, 2015**



**STEFAN I. MYCHAJLIW
ERIE COUNTY COMPTROLLER**

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ERIE COUNTY COMPTROLLER'S OFFICE
DIVISION OF AUDIT & CONTROL
95 FRANKLIN STREET
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August 17, 2016

Erie County Legislature
92 Franklin Street 4th Floor
Buffalo, New York 14202

Dear Honorable Members:

The Erie County Comptroller's Office has completed a performance audit of the Erie County Veterans Service Agency (ECVSA) for the period of January 1, 2015 through December 31, 2015. Our objectives were to evaluate controls over the providing of benefits services to veterans in Erie County and to verify compliance with internal policies and procedures for assisting veterans and their families with education, disability, compensation and burial benefits and to ensure that this information is reported properly and consistently in accordance with the requirements of the New York State Division of Veterans Affairs (NYSDVA).

These objectives were accomplished by:

- ❖ Obtaining Veterans Service Officer (VSO) certifications.
- ❖ Reviewing literature and outreach contacts to inform veterans of education and health benefits available.
- ❖ Examining pension and compensation claims completed and filed with the Veterans Administration (VA).
- ❖ Verifying contacts made and veterans serviced as reported to NYSDVA.
- ❖ Confirming that payments made for indigent burials were in accordance with County policy.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. We believe that the evidence obtained provides a reasonable basis for our findings and recommendations based on our audit objectives.

Management of ECVSA is responsible for establishing and maintaining a system of internal control. The objective of such a system is to provide reasonable, but not absolute, assurance that transactions are executed in accordance with management's authorization and are recorded properly. Because of inherent limitations in the system of internal control, errors or irregularities may nevertheless occur and not be detected.

In our opinion, internal controls within the ECVSA over the processing of veterans benefits claims are adequate.

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BACKGROUND

Originated in 1926, the ECVSA was the first of its kind in New York State. Due to the increased demand for such services, and accelerated by World War II, the ECVSA became a part of the county government on January 1, 1945. Since that time, services have been provided to thousands of Erie County veterans and their dependents.

Mandated by New York State Executive Law, Section 357, the ECVSA provides quality service, advocacy, and guidance in a timely manner for Erie County veterans and their families. The ECVSA informs veterans, current service members, and their families of the many federal, state, and local benefits for which they may be eligible. Through community involvement, the ECVSA works collaboratively with local veteran organizations and the veteran community to foster relationships and increase awareness with veterans and their families and works with veterans and their families to assist them in applying for these benefits.

AUDIT FINDING

Inconsistent filings with New York State Division of Veterans Affairs

The NYSDVA advocates on behalf of New York's veterans and their families, as individuals and as a group, to ensure they receive benefits granted by law for service in the United States Armed Forces. Veterans' Service Agencies such as the ECVSA, receive funding under the provisions of New York State Executive Law, Section 359, where an allocation is made from the Aid-To-Localities funds to provide services to veterans in the locality (Erie County).

By the 10th of each month all Veteran Service Agencies in New York State are requested to submit to NYSDVA the Monthly Report of Contacts and Services for the prior month. Information provided is:

- ❖ Number of clients (veteran, dependent/advocate/other) serviced by Agency. This information is categorized by Period of Service (WWII, Korea, Vietnam, Persian Gulf, Afghanistan, other).

- ❖ Numerical record of client requests at the Federal level (Disability Compensation, Pension, Healthcare, Education, Insurance, Home Loan, Burial, Medals, Military Records or other).
- ❖ Numerical record of client requests at the State level (Gold Star Parent Annuity, Blind Annuity, Supplemental Burial, Education, Home Loan, Park Passes, Hunting/Fishing License, Employment, State Veterans Home, Medals, other).
- ❖ Numerical record of client requests at the local level (Property Taxes, other).
- ❖ New benefit applications.

We randomly tested two months of detailed information that summarized the number of contacts made and services provided to veterans and their families including walk-ins, phone conversations, electronic mail, postal mail and faxes that were submitted to New York State Division of Veterans Services by the ECVSA.

The two months selected were April and October 2015. We found that April was not completed and submitted. While October was completed and submitted, eight of the twelve months were not submitted. Further there was no supporting evidence that the four reports filed were submitted within the required 10 day period of the following month.

More importantly, the four monthly reports filed with NYSDVA significantly understated the total number of veterans and issues serviced. For example in October, the number of veterans and their families serviced and reported totaled 61. However, the ECVSA only reports walk-ins to determine the number of veterans serviced. They do not include telephone conversations, electronic mail, postal mail and faxes which would have increased actual contacts made with veterans and family members in October to 1,511. Thus only 4% of all contacts made in October were reported which significantly under reports the services actually provided by the ECVSA. Sign-in sheets maintained by the ECVSA for the month of October indicated that a total of 141 services were provided. The report to New York State only recorded serving 61 veterans/family members handling 60 separate benefit types omitting 81 other benefit types handled for that particular month.

We contacted the NYSDVA regarding the requirements for reporting veterans and family members serviced each month. They advised us that “county Veterans Service Agencies receive Aid-To-Locality funding from New York State. The reports submitted to NYSDVA provide information about what the county Veterans Service Agencies are doing to help veterans – which is what they receive Aid-To-Localities funding from NYS to do.”

This is significant as ECVSA has one of the highest populations of veterans in New York State, over (60,000), and ECVSA currently has three full-time certified Veterans Service Officers and one part-time receptionist. We believe that credit needs to be taken for the veterans and family members serviced by ECVSA that totaled over 15,000 in 2015 from all contact sources.

WE RECOMMEND that the ECVSA take the necessary steps to report all veterans and family members serviced, including not just walk-ins but contact made through phone conversations, electronic mail, postal mail and faxes for each separate benefit type. This is noted per the instructions, as published by NYSDVA, for completion and submission of the Monthly Report of Contacts and Services. At the local level, accurate reporting justifies the need for the number of VSO's employed and is a direct correlation between departmental funding and the services provided.

Further, **WE RECOMMEND** that the ECVSA establish written procedures for the preparation and timely submission of monthly reports to NYSDVA. In addition to guidelines on how to prepare and submit the reports, evidence of supervisory review prior to submission needs to be documented.

NOTE: The Director informed us at the exit conference that he has drafted Standard Operating Procedures to address our recommendations.

AUDITOR'S COMMENTS

1. Missing Certification

New York State Law #357 states in part, "Any county or city director hired after the effective date of this statute shall take all steps necessary to be accredited as a veteran's service organization representative within eighteen months of such appointment."

During our audit we could not determine that the prior Director of ECVSA was a certified Veterans Service Officer (VSO). The prior Director was appointed August 5, 2013 and per Law #357, accreditation should be attained within 18 months of appointment. The accreditation should have been available by February 5, 2015 and most certainly by November 21, 2015, when he left County service.

WE RECOMMEND that future certification for the Director and appropriate ECVSA staff be timely attained and appropriately retained.

NOTE: At the exit conference, the Director provided us with a copy of the missing certification that he obtained from the NYSDVA after the completion of our fieldwork.

2. Lack of Electronic Claim Filing

Area veterans rely upon the ECVSA to file their claims with the VA. Claims filed with the VA are generally managed online. The ECVSA currently cannot file online with the VA nor follow-up electronically any paper claims submitted through the local VA office.

The expansion of the electronic information database has been a goal of the ECVSA since 2010 but has never been implemented. This presents several issues for the ECVSA. The VA does send paper responses for claims filed to the veteran/client, but not directly to the service agencies. This prevents the VSO from providing timely and accurate service for these claims. As a result, deadlines could be missed leading to extending the claims process. The inability to immediately keep abreast of future claim requests results in a lack of or untimely service, extending the claims process once again. This also leads to inaccurate information provided by veterans and family members to the VA, which the ECVSA is unaware of and prevents proper administration of the claim by the VSO. Also lost information is a continuous challenge for the VSO as veterans and family members may be unaware of the importance of correspondence.

Ultimately claims are either prolonged or wrongly denied, “which is more often than not detrimental to their claim and distressing to the veteran, many of them suffering from Post-Traumatic Stress Disorder (PTSD) and other psychological issues,” per the current ECVSA Director. This is also a major inconvenience to veterans and their families, causing them to have to travel to the ECVSA.

WE RECOMMEND that the ECVSA take the appropriate steps necessary to be online with the VA to improve efficiency and to provide the enhanced services that our veterans deserve.

NOTE: The ECVSA advised us at the exit that IT (Information Technology) personnel from both the VA and Erie County have met and are in the initial stages of implementing the process necessary to gain online access to the VA for claim management. The American Legion Buffalo Service Office policy is to submit claims via paper to the VA office to guarantee the claim is scanned and date stamped to the proper veterans file.

3. Outdated Website

The www.erie.gov website tab for Veterans Services, referencing Education & Training, states “The Erie County Veterans Service Agency's educational partnership opportunities with local colleges and universities include Trocaire College and Medaille College.” This statement is incorrect as the ECVSA does not have any educational partnerships with any college or university in Erie County.

In order to be current and relevant, **WE RECOMMEND** that the website be updated to eliminate the reference to educational partnerships with local colleges and universities in Erie County. The current practice employed by ECVSA is to refer veterans to campus veterans’ affairs offices.

4. Operating Policies and Procedures Not Documented

During the course of our audit, we noted that current policies and procedures followed by ECVSA in the performance of their service objectives have been either not documented or only informally documented. Undated policies or procedures, makes it difficult to assess the relevancy and accuracy of subsequent changes in the subject matter or a revision to an existing policy.

Without formal written policies and procedures that include at a minimum an effective date and a revision date when applicable, guidelines passed from one employee to another can lead to the inconsistent application of management’s directives. This is particularly relevant for:

- ❖ New Employee Training
- ❖ Pension Claims
- ❖ Disability Claims
- ❖ Indigent Burials
- ❖ Phone interview screening questions
- ❖ Mail receipt and outgoing
- ❖ Office Security
- ❖ VIMS file update

WE RECOMMEND that the Director of ECVSA document the policies and procedures that reflect both the current organizational structure for ECVSA as well as their operating procedures. These policy and procedures should include the above noted items and a formal policy and procedure for compiling claims data for the monthly report to the NYSDVA.

NOTE: At the exit conference, we were informed that the ECVSA was in the process of updating and formalizing the above noted policies and procedures.

RESULTS OF THE EXIT CONFERENCE

An exit conference was held on August 3, 2016 with the Director of the Erie County Veterans Service Agency and a representative from the Office of Budget and Management. We discussed the contents of this report and the auditee was in general agreement with our findings and recommendations.

In accordance with the County's Audit Response System and Procedures, we request that the ECVSA prepare a written response to the County Executive concerning the findings and recommendations by October 27, 2016. We further request that the County Executive forward copies of the written response to the Comptroller's Office, the Erie County Legislature and the Erie County Fiscal Stability Authority by November 10, 2016.

We would like to thank the Director and his staff for their cooperation and the assistance afforded our staff during the course of the audit.

ERIE COUNTY COMPTROLLER'S OFFICE

cc: David Shenk, Director, Erie County Veterans Service Agency
Hon. Mark C. Poloncarz, County Executive
Robert W. Keating, Director, Budget and Management
Erie County Fiscal Stability Authority